

The eHI Value and Sustainability ModelSM

**Overview for the
eHI Annual Conference
October 12, 2007
Washington, D.C.**

What Is It?

- The result of a 4-year HRSA funded, eHI conducted Cooperative Agreement
- A framework that includes a structural analysis of American healthcare economics and its impact on HIE, barriers to adoption, and a suite of derivative tools drawn from community research and best practices (HealthBridge, IHIE, THINC/MedAllies)
- A modular technical assistance offering to States and Communities designed to be customized to their unique circumstances
- An emphasis on helping communities lay the foundations of a sustainable business model in which both HIE leaders and community stakeholders have actively participated

What It Isn't

- A plug and play/self-serve toolkit
- A silver bullet
- An easy solution to sustainability
- The last word in HIE sustainability
- Complete

The VSM at a Glance

Assess

Define

Evaluate

Plan

Execute

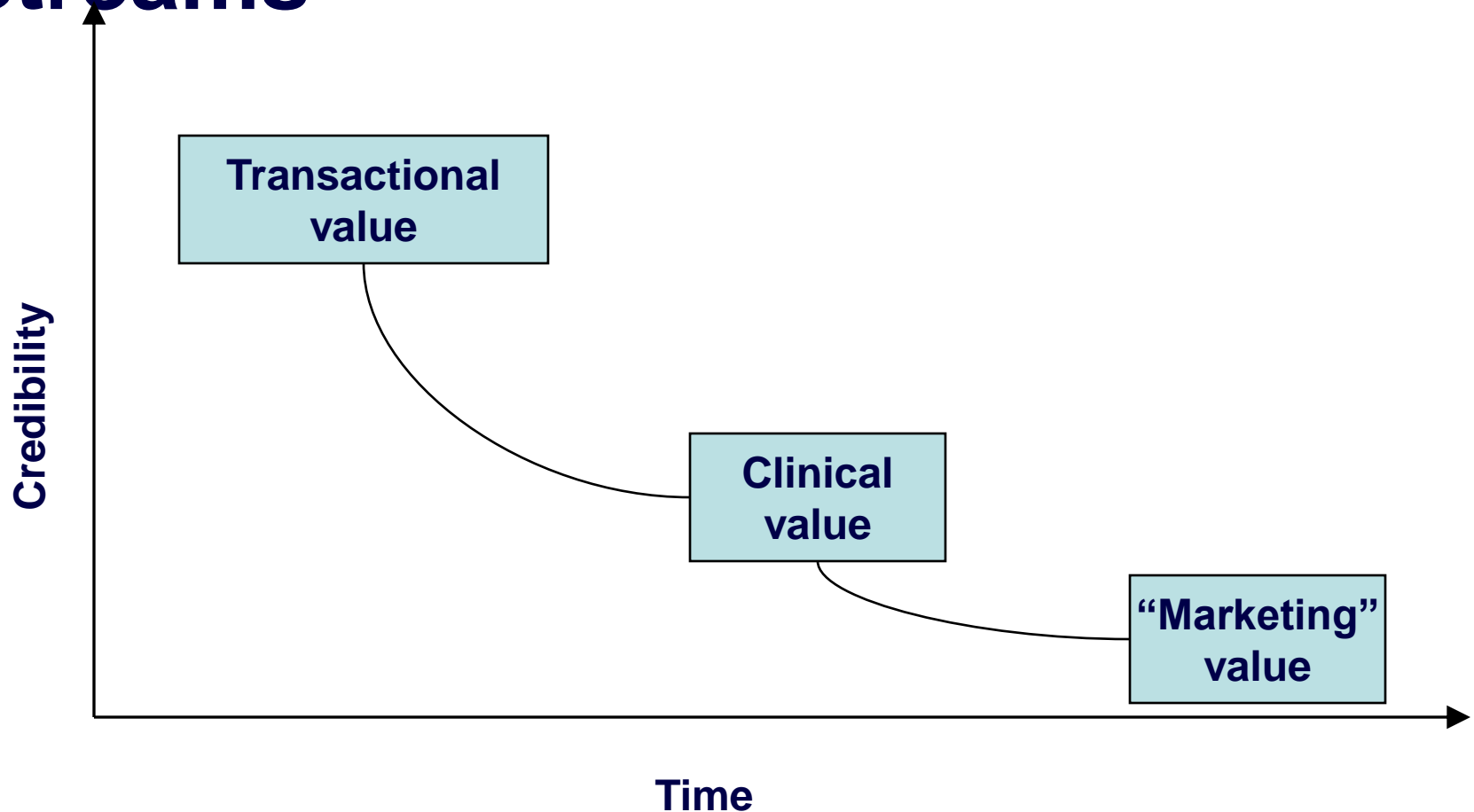
Activities

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|--|---|--|---|---|
| <ul style="list-style-type: none"> • Assess the market's overall willingness to participate • Understand market structure and stakeholder mix/power • Identify priorities • Identify potential ancillary/administrative services | <ul style="list-style-type: none"> • Define organization objectives • Create several options or paths that lead to same objectives, including varying functionalities, timing, and ancillary services | <ul style="list-style-type: none"> • Quantify cost and revenue implications of each option based on pricing strategy • Quantify risk of each option by assessing operating, market, and execution risk • Choose optimal strategy based on maximum risk/value tradeoff | <ul style="list-style-type: none"> • Create business plan based on optimal strategy • Create financial pro forma projections • Test assumptions in the market • Create detailed implementation plan | <ul style="list-style-type: none"> • Acquire required starting capital • Begin execution • Manage business against value model and business plan assumptions |
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Tools

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| <ul style="list-style-type: none"> • Market Readiness Assessment Tool • Priority setting workshops | <ul style="list-style-type: none"> • Problem solving workshops | <ul style="list-style-type: none"> • Value Tool • Risk estimator | <ul style="list-style-type: none"> • Business plan template and P&L Pro Forma Tool | <ul style="list-style-type: none"> • "10K mile check-ups" |
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Assumptions and Credibility of Revenue Streams



Three Types of Business Risk an HIE Needs to Manage



Operating Risk

➤ How the company is structured, and the details of its basic logistics in order for it to carry out its plan successfully

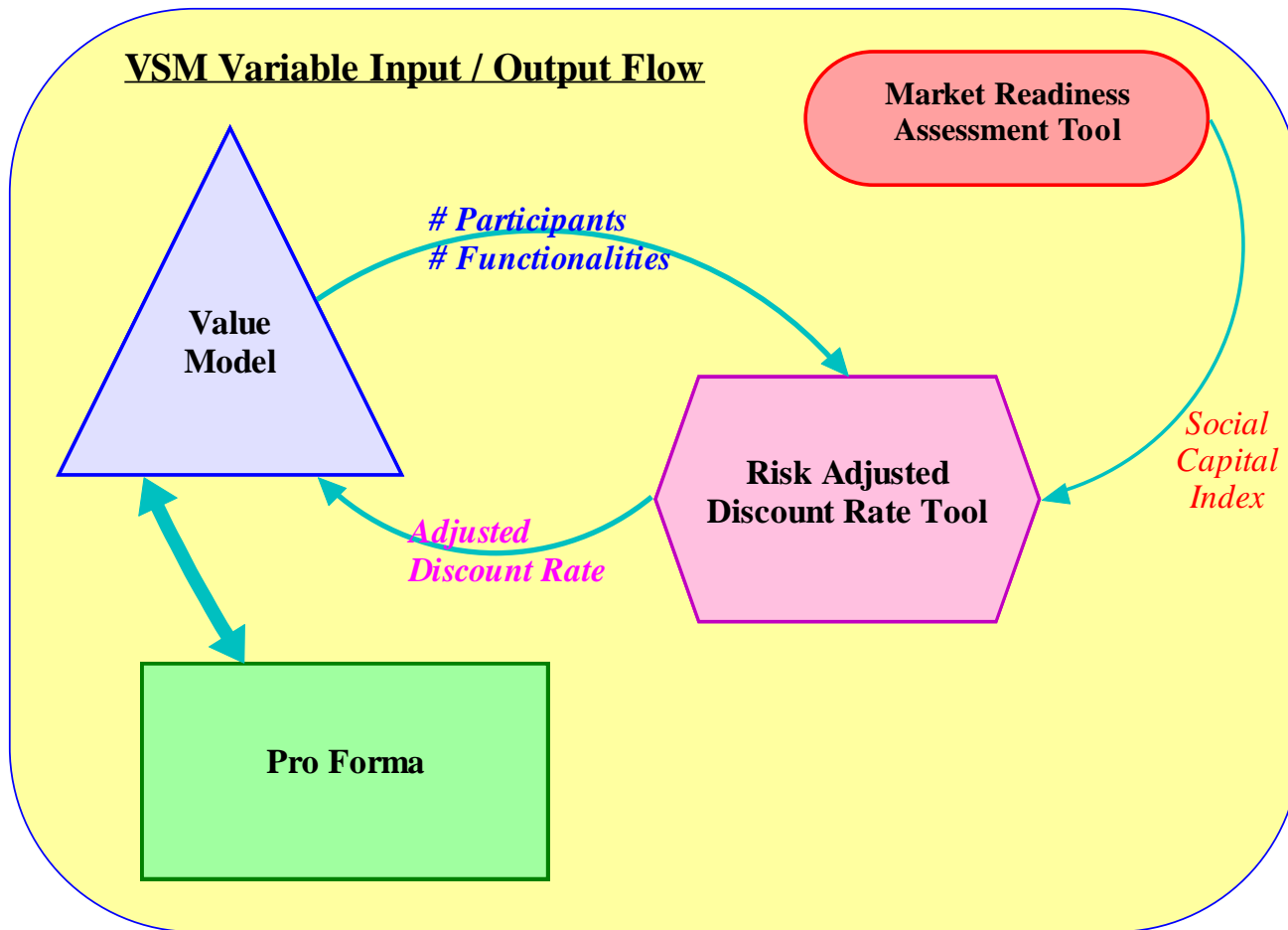
Market Risk

➤ To what extent the market for the HIE's services is ready for its adoption, what barriers or obstacles if any exist, and how well the marketing plan meets market needs and obstacles

Execution Risk

➤ Ability of the HIE's team to actually execute, given the complexity of the endeavor and their track record at rolling out such products and services

Tool Data Flow



Market Readiness Assessment Tool

This tool is designed to help HIE leaders assess the readiness of their community to implement HIE. The tool measures several factors, including market structure, leadership, and social capital. The output of the tool is a "market readiness index" on a scale of 0 to 100%, with 100% being the highest possible score. Refer to the "Scoring" worksheet for details on scoring.

[Refer to the "Scoring" worksheet for details on scoring.](#)

Users of this tool are strongly encouraged to survey physicians' and hospitals' attitudes towards HIE. (See steps 3 and 4, below). However, users may "turn off" the scoring for these surveys by clicking the button at right.

- ☒ Include surveys in score
☐ Turn off survey scores

Step 1. [HIE leaders should complete the HIE-RHIO Questionnaire \(see included worksheet\)](#)

0%

Step 2. [HIE leaders should complete the Provider and Plan Questionnaire \(see included worksheet\)](#)

0%

Step 3. [The HIE should field the physician questionnaire to at least 30 randomly selected physicians in the community, and enter the average results in the yellow cell at right.](#)

0%

Step 4. [The HIE should field the hospital questionnaire to all the hospitals in the community and enter the average results in the yellow cell at right. Non-responding hospitals should be entered as 0% for purposes of averaging. \(The average may be weighted to](#)

0%

Results.

Market Readiness Index:

0%

Business Risk Estimator

RHIO	Subsidy	Outcome	Actual SV	FV req'd	IRR
1	100	Success	430.5126	127.6282	0.339051
2	100	Failure	50	127.6282	
3	100	Failure	15	127.6282	
4	100	Failure	15	127.6282	
				510.5126	

RHIO	Subsidy	Outcome	Actual SV	FV req'd	IRR
1	100	Success	317.8845	127.6282	0.260242
2	100	Failure	50	127.6282	
3	100	Failure	15	127.6282	
				382.8845	

RHIO	Subsidy	Outcome	Actual SV	FV req'd	IRR
1	100	Success	205.2563	127.6282	0.154674
2	100	Failure	50	127.6282	
				255.2563	

Value Tool

Note: Clicking on the headings below will take you to detailed lists for each category.				Current Year	
				2007	
Value Cube #	Data Supplier	Data User	Functionality	Implementation Year	Current Level of Interoperability
1	Ambulatory surgery	Behavioral/Mental Health inpatient providers	Health plan eligibility assessment	2009	Level 2
2	Behavioral/Mental Health outpatient providers	Ambulatory surgery	Historical allergy list	2008	Level 2
3	Health plan enrollment stations	CMS/Medicare	Price/cost information	2010	Level 1
4	Community outreach clinics	Hospitals	Medical record	2008	Level 2
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►►Intro

Cube Assignment

General Information

Stakeholder Data

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HIE/RHIO Pro Forma

	A	B	C	D	E	F	G	
1	Hypothetical RHIO							
2	Balance Sheet - Medium							
3	Years 1 to 5							
4	(\$)							
5		<u>Begin</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	
6								
7	ASSETS							
8	CURRENT ASSETS							
9	Cash	\$1,500,000	(\$390,696)	(\$2,374,679)	(\$6,877,685)	(\$14,342,244)	(\$25,872,299)	
10	Accounts Receivable		\$70,211	\$248,044	\$377,231	\$469,541	\$584,737	
11	Inventories		\$70,211	\$248,044	\$304,512	\$379,027	\$472,017	
12	Other Current Assets		\$8,459	\$29,885	\$45,450	\$56,571	\$70,450	
13	TOTAL CURRENT ASSETS	\$1,500,000	(\$241,815)	(\$1,848,706)	(\$6,150,492)	(\$13,437,104)	(\$24,745,095)	
14	PROPERTY & EQUIPMENT	\$0	\$836,619	\$1,534,905	\$1,850,810	\$1,947,190	\$1,887,381	
15	TOTAL ASSETS	\$1,500,000	\$594,804	(\$313,802)	(\$4,299,683)	(\$11,489,914)	(\$22,857,714)	
16								

Panel Discussion

- A series of questions addressed to panelists drawn from key insights of the research